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NEWSBANDER

Drive-thru chains shift into high gear

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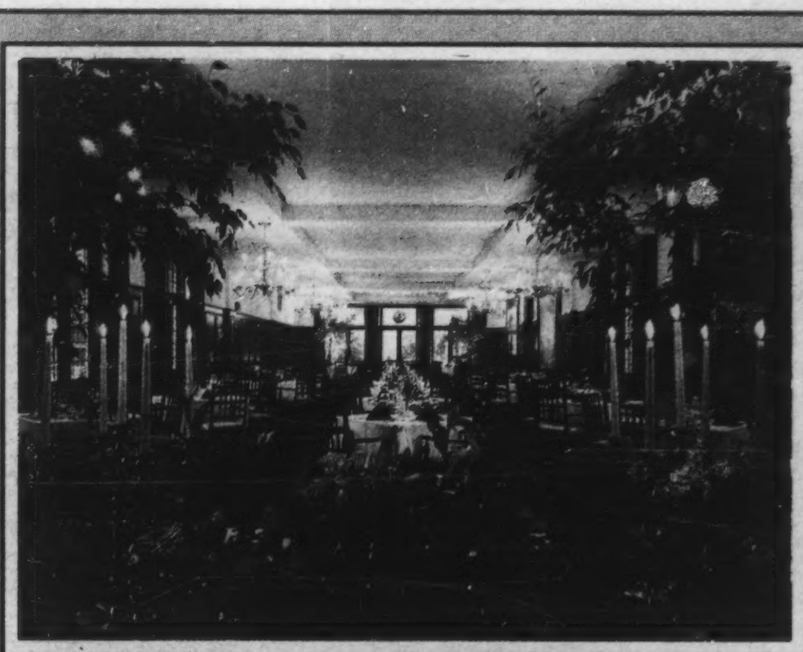

The dining room at The Immigrant.

Immigrant's traffic follows prices upward

By Carolyn Walkup

KOHLER, Wis. — The Immigrant, the fine-dining component of the Kohler Co.'s luxurious American Club hotel, found a novel way of addressing stagnant sales and sluggish customer traffic: It raised menu prices.

Since then, one and one-half years ago, sales have increased almost 50 percent, and business is booming.

"It turned out that's what people wanted," said Susan Green, vice president of hospitality businesses, who declined to reveal sales volume.

Green gave William Springer, executive chef, much of the credit for boosting sales.

He completely upgraded and changed the menu from Continental to regional American after he was hired.

The Immigrant also added more flair in both its presentation and service, while retaining generous portion sizes to ac-

(See IMMIGRANT, page 78)

Calif. restaurateurs fear loss of tip wage exemption

Industry expects hike to raise other pay floors

By Richard Martin

LOS ANGELES — Restaurant-industry lobbyists in California fear that embittered labor advocates may successfully sue to bar the exemption of tipped workers from the state's new $4.25 hourly minimum wage.

Leaders of the California Restaurant Association also warn that the 27-percent increase over current California and federal minimums of $3.35 may fuel efforts to boost bottom-tier wages in other states and in Washington. The California pay hike "probably will be cited by other jurisdictions as justification for taking some action," predicted Stanley Kyker, CRA executive vice president.

The food-service industry is lobbying against a proposal now being debated in Congress to raise the national minimum wage to $4.65 by 1990.

Meanwhile, industry figures in California are already drafting defense strategies against possible further increases in that state's bottom-tier wage.

Scheduled to take effect July 1 as the nation's highest pay floor, the new California

(See CALIFORNIA, page 78)

Calif. girds for next wage battle

CRA soliciting operators to gather arsenal of data

Page 78

Hamlets accepts $33M bid

Lewises to retain command under Weatherly

LOS ANGELES — Hamburger Hamlets Inc., a group of upscale specialty restaurants whose enduring popularity is a tribute to the 37-year stewardship of founders Marilyn and Harry Lewis, has accepted a $33 million buyout proposal from a New York investment firm.

Lewis

The Lewises, who over the years have rebuffed acquisition attempts by food-service companies, will continue to guide the 24-unit chain under the ownership of Weatherly Private Capital Inc. The husband-and-wife team would receive nearly $23.2 million for their 70-percent stake in Hamburger Hamlets under the terms proposed by Weatherly, which offered $9.20 for each of the company's 3.6 million shares outstanding.

The leveraged buyout, which is subject to the drafting of a final agreement and the completion of financing, is expected to close in February.

At that time the Lewises will pay an undisclosed amount to buy back the trendy Kate Mantilini restaurant they opened last year in their

(See HAMBURGER, page 4)

Hard Rock eyes new waters

Plans seafood dinner house venture

By Ken Frydman

BOSTON — Hard Rock Cafe Plc., the chain of rock-'n'-roll-themed restaurants, is branching into the seafood dinner house market in partnership with Patrick Lyons, an established nightclub operator here.

Hard Rock and Lyons plan to open a "rich English-style" place, called Flynn's, on the site of the former Jason's restaurant on Newbury Street, a spokesman for the venture said.

"It's too soon to tell, but if Fynn's is successful in Boston, we'll look into opening other ones around the country," he said.

Lyons owns and operates half a dozen well-known local nightclubs, including Axis and the Metro on Landsdowne Street. He is also teaming up with Hard Rock co-founder Isaac Tigrett to open a Hard Rock Cafe here in September on Clarendon Street.

"Isaac approached Patrick about managing the new Hard Rock because of his nightclub record in Boston," the spokesman said.

Like its sisters in London, New York, Dallas, Stockholm, and Reykjavik, Iceland, the Boston Hard Rock will be decorated with rock-'n'-roll memorabilia.

The other Hard Rock Cafes—located in Chicago, Los Angeles, San Francisco and Houston—are owned and operated by Tigrett's onetime partner, Peter Morton.

FOOD WATCH

Rome sans flamingo tongues

NEW YORK — Cave Canem, a four-month-old restaurant here, is attempting to bring back the culinary glory that was Rome.

The $2 million restaurant—recalling, in theme at least, Restaurant Associates' lavish Forum of the XII Caesars, which closed in 1975—features a studiously researched menu that owes much to the premier cookbook writer of Imperial Rome, Apicius. Chef Tom Gamache said the kitchen tries to re-create the authentic recipes as closely as possible—except in cases where the odd flamingo tongue or calf's womb is called for. "Then we alter that particular ingredient," he explained.

Cave Canem—which means "beware of the dog" in Latin—offers such dishes as scallops seasoned with Roman spices cooked in extra virgin olive oil and served with leek root boiled in oil; a ragout of lamb, chicken, carrots, onions, reduced wine, and 15 different herbs, including basil, lovage, thyme, and mint; wild pheasant with mushrooms and sting ray; and grilled whole snapper stuffed with scallops, prawns, lobster, arugula, and prosciutto. —Paul Frumkin

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NEWS DIGEST

Po Folks seeks protection under bankruptcy code

NASHVILLE, Tenn. — Po Folks Inc., the 168-unit family restaurant chain, has filed for protection under Chapter 11 of the federal bankruptcy code.

In addition, its president, Clyde E. Culp, and chief financial officer, Walter J. Spear, have resigned. No successors were named.

Po Folks, which lost $17.8 million for the fiscal year ended Sept. 17, said it would be unable to pay $1.5 million in interest due on a $18.5 million long-term debt.

The 168 Po Folks units, which specialize in home-style Southern fare, would remain open, an executive said.

Industry loses attempt to block tip tax measure

WASHINGTON — The food-service industry has lost its battle to block federal legislation requiring employers to pay Social Security taxes on employee tips.

The defeat, which industry trade groups had anticipated, is expected to cost food-service employers more than $100 million this year.

The controversial measure was included on the comprehensive compromise spending bill that President Reagan signed into law shortly before Congress recessed for the holidays.

New York restaurants face tough new no-smoking law

NEW YORK — Restaurants with more than 50 seats must set aside at least half their seating for non-smokers under provisions of a tough new antismoking bill passed by the City Council and expected to go into effect in April.

Smoking would still be permitted in restaurants with 50 seats or less. Bars and cocktail lounges in restaurants are exempt.

Ill. association, brewer split New Year's cab rides

CHICAGO — The Illinois Restaurant Association and Anheuser-Busch paid for all New Year's Eve rides on Chicago Transit Authority buses and trains between 8 p.m. and 6 a.m. New Year's Day.

Some 250,000 people were expected to take advantage of the alternative to driving. The restaurant association began the program last year in a move to prevent holiday revelers from drinking and driving.

Western Steer management buys controlling stake

CLAREMONT, N.C. — A Western Steer Mom 'n' Pops management group has gained a controlling interest in the steak house chain through the $4.9 million purchase of a 15- percent stake from Marshall Digh, who stepped down as chairman, president, and chief executive.

The group, led by executive vice president Charles F. Connor and director Richard S. Howard, now holds 40 percent of Western Steer's outstanding stock. Connor moved up to president and treasurer, and Howard was named chairman and chief executive.

The move followed an unsuccessful attempt by financier E.W. Kelley to take over the company. Digh had said before Kelley's acquisition attempt that he wanted to sell his interest and spend more time on his farm.

Greenfield exits market with Dixie closing

CHICAGO — Dixie Bar and Grill, Roger Greenfield's last remaining restaurant, has closed. The shuttering came a few weeks after Greenfield filed for Chapter 11 reorganization.

Dixie, a Cajun and seafood restaurant, was a yuppie hot spot when it opened two years ago. However, opening two less successful restaurants and a banquet room at Dixie in rapid succession created debts too large for Greenfield to handle. All four of his previous restaurants have closed.

Index off 2.9 points

2.9

NEW YORK — The Nation's Restaurant News Stock Index opened the new year last week at 152.5, not far from where it began in 1987.

The 84-issue market-value gauge rang out the year with a 2.9-point decline in the holiday-shortened week ended Dec. 31 and down 6.0 points for the year.

Meanwhile, the Dow Jones Industrial Average lost 60 points in its final week, closing at 1,938.83, a 42.88-point gain from its position at the beginning of the year.

On the full 150-issue listing—which includes hotels, conglomerates, and key suppliers—price losers beat price winners 2 to 1 in the latest week as only 33 gained, 86 declined, and 31 were unchanged.

Shoney's operator Restaurant Management Services was the latest week's leading volume gainer. Po Folks, which went Chapter 11, led the percentage-price losers' list. Penny stock Capt. Crab led the relative winners' tally.

More financial news, pages 77-78

Taco Viva converts units to Wings 'N Things stores

POMPANO BEACH, Fla. — Taco Viva, the struggling 60-store Mexican fast feeder, said it had signed an agreement under which as many as 10 units will be converted to Wings 'N Things restaurants and operated by a franchisee of that chain.

The Wings 'N Things licensee, MJM Investments, is under the direction of Malcolm Hare, a former president and co-founder of the Po Folks chain. Wings 'N Things specializes in Buffalo-style chicken wings.

Carnegie Deli's Steiner dead at age 48

NEW YORK — Leo Steiner, 48, co-owner of the famous Carnegie Deli here and a well-known wisecracking star of local television ads, died of complications from a brain tumor.

Steiner and his partners, Milton Parker and Fred Klein, bought the world-renowned Seventh Avenue delicatessen in 1976. They have since opened branches in Atlantic City and Secaucus, N.J., and Tysons Corner, Va.

Steiner, who previously owned Pastrami & Things, cured his own pastrami and corned beef in the deli's cellar. The Carnegie Deli's star-studded clientele includes Henny Youngman, Jackie Mason, and Woody Allen.

Carlyle extends offer for Chi-Chi's shares

LOUISVILLE, Ky. — The Carlyle Group, a Washington-based investment partnership, postponed until Jan. 15 its $9-per-share tender offer for all common stock of Chi-Chi's Inc. that it does not already own.

Chi-Chi's said it is still considering Carlyle's $192 million tender offer as well as other "possible alternatives."

Carlyle held a 7.5-percent stake in Chi-Chi's before it launched its takeover attempt in mid-December. The investment concern's partners include two former Marriott Corp. financial officers, Stephen L. Norris and Daniel A. D'Aniello.

Reliance sweetens bid for Days Inns stock

ATLANTA — Reliance Capital Group L.P., the largest stockholder of Days Inns Inc., the economy-priced lodging chain, has sweetened its tender offer for all Days shares it does not already own.

Reliance, which purchased Days in 1984 and sold it to the public a year later, raised its per-share bid to $7.75 in cash and $2.25 in face value pay-in-kind deferred stock. Previously Reliance had offered $7.50 and $2.

Sherman builds drive-thru-only chain

By Rick Van Warner

LOUISVILLE, Ky. — After failing in his attempt to acquire a restaurant chain, former Church's Fried Chicken president Richard Sherman has shifted his attention to building one.

Sherman, whose bid to take 1,500-unit Church's private collapsed about six months ago, is now leading 46-unit Rally's, a fledgling drive-thru-only chain.

"What really excited me was the opportunity to be involved in the birth of a company," said Sherman, a 44-year-old food-service veteran, who joined Rally's Inc. in July as president and chief executive. "It's a growth concept."

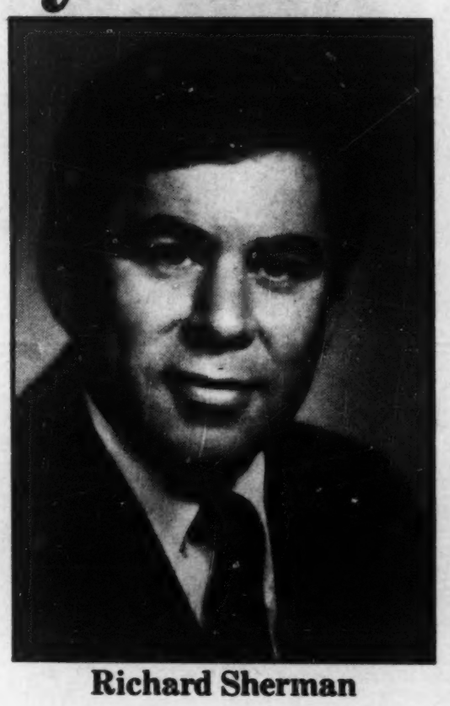
Rally's, which is based here, is serving up a low-price, limited menu anchored by quarter-pound hamburgers. Founded in 1984 with a unit in Nashville, Tenn., the privately held company currently operates restaurants in 10 states.

Rally's is among a sprouting field of drive-thru-only chains capitalizing on consumer demands for greater convenience and lower prices. Tough industry conditions, particularly in the fast-food segment, have spurred the craze in recent months. The players are enjoying leaner labor requirements, lower start-up costs, and simpler operations.

After a two-year stint as president of Church's, Sherman resigned last February to attempt a leveraged buyout of the fast feeder. After the bid was rejected, he took a month-long vacation at a beach house in North Carolina.

"It was the first time I'd ever taken more than a week and one-half for vacation," he said. "I enjoyed my time at the beach. The fish were biting."

But before he could get too comfortable, the phone started ringing. "I had a few distinct opportunities," he said. "I viewed the Rally's opportunity as the most attractive. It's exciting, constructive. So far I'm very pleased."



Richard Sherman

Scoggin re-emerges to head take-out Italian chain

By Peter J. Romeo

DALLAS — Daniel Scoggin, the driving force behind TGI Friday's until his ouster 15 months ago, has returned to food service as chairman of a new concept that retails uncooked pizzas that patrons heat at home.

Juliano's has three units in Dallas, and three more are scheduled to open in January, said president Larry Gaffe.

"We see it as a franchisable concept, but we want to work out the bugs before we talk about franchising," Gaffe said. He declined to describe the Juliano's concept and the chain's long-term growth plans.

Through his new job, Scoggin has stuck his toe into what is emerging as a new food-service segment, where operators sell ready-to-cook meals that patrons heat and eat at home.

For instance, Godfather's, Pillsbury's 600-unit pizza chain, is testing cook-your-own pies in selected sites.

Papa Aldo's sells take-and-bake pizzas in 80 units in the Northwest and recently granted a franchise to a Tokyo-based concern that plans to open 20 outlets in Japan.

Harris Cooper, longtime president of International Dairy Queen, recently resigned to launch a new venture, called Telechef, which delivers reheatable meals to consumers' homes.

And General Mills' Restaurant Group is eying a new business called Order Inn, whereby microwavable dinners are delivered to patrons.

Scoggin, the son of a chef and waitress, was out of the country and could not be reached for comment.

A strong-willed entrepreneur, he transformed Friday's from an offbeat bar concept into the dinner house segment's sales leader. He stewarded the 130-unit chain for 12 of its 22 years.

A strong-willed entrepreneur, he transformed Friday's from an offbeat bar concept into the dinner house segment's sales leader.

Scoggin, age 50, was dismissed as Friday's president and chief executive in the fall of 1986 after failing to reverse a two-year decline in profits.

Curt Carlson, Friday's chairman and largest shareholder, tapped J. Michael Jenkins, a longtime veteran of the rival Bennigan's chain, to succeed Scoggin. Jenkins is orchestrating a back-to-basics turnaround that entails decentralization of administrative functions, retraining employees, and slashing unit expenses.

The effort yielded a $2.5 million net income for the third quarter ended Sept. 28, compared with earnings of $283,000 for the same period of the prior year.

After he was fired, Scoggin filed a lawsuit alleging that Friday's had violated his employment contract. The still-pending suit seeks $1 million in damages.

Scoggin exhibited an unusual management style at Friday's, mixing a hefty dose of philosophizing with direct involvement in even mundane operational matters.

Former subordinates and acquaintances have described him as a hands-on leader with bounding energy, ideas, and ego. Several have commented that he is at his best in an entrepreneurial situation.

In 1970, after lunching in one of the three Friday's units open at the time, Scoggin resigned as a high-level executive of Boise Cascade to indulge his entrepreneurial yearnings. He chose Friday's as the means.

Scoggin began as a franchisee of the then-fledgling chain's fourth store, in Dallas. He and his partners eventually switched from franchise to franchisor, acquiring Friday's licensing rights from New York restaurateur Alan Stillman.

Hungry for expansion capital, Scoggin and his co-investors sold Friday's to Minneapolis-based Carlson Cos. in 1975. The deal apparently stipulated that Scoggin would remain at the helm.

Carlson, which also operates the Country Kitchen family restaurant system and the Radisson hotel chain, sold 15 percent of the company to the public in 1983.

During his tenure at Friday's, Scoggin midwifed two new concepts: Dalts, a 1940s-style grill that was expected to have a broader market than the Friday's concept did, and Fast Friday's, a fast-food version of Friday's.

Scoggin was planning to spin off a third concept, an upscale fast-food outlet, at the time he was ousted.

Fast Friday's has been phased out. Dalts performed well during its early years. However, Friday's is currently looking at the concept with a critical eye.

"Dalts has yet to be proven as an expansion concept," Jenkins said at a recent investors' meeting.

Hamburger Hamlets sold

(Continued from page 1)

home town, Beverly Hills, Calif.

Officials of the five-year-old Weatherly group of investors and securities traders, including managing partner Thomas A. McFall, did not immediately outline their plans for the other restaurants. Former Weatherly acquisitions have included a company that makes ice cream and another that manufactures diapers.

The sale pact with Weatherly, which includes a five-year term of consultancy for Hamburger Hamlets' founders, is "a deal with heart," said Marilyn Lewis, the erstwhile model and fashion designer who is the company's chairman and chief "conceptualizer."

"Restaurant companies have tried to take us [over] for years and years" but always wanted to "push us out and give jobs to their nephews," Lewis explained. Conversely, Weatherly "is not in the restaurant business," she said. Weatherly officials, acknowledging their lack of food-service operating expertise, affirmed their support for the Lewises' continuing roles.

"We're very excited," said president Harry Lewis, the former Warner Bros. movie actor who heads a Sherman Oaks, Calif.-based management team including Paul Brockman, finance vice president; David Fox, operations vice president; Joseph Lordon, human resources vice president; and Fran Pomerantz, human development vice president. Hamburger Hamlets' 1,600 employees are "looking forward to doing what we've always done," Lewis said.

The full-service Hamburger Hamlet chain began in 1950 as a simple, Sunset Strip cafe that catered to a Hollywood clientele. It later evolved into a string of show-biz-themed, carpet-and-chandelier grills in the upper-midscale market. Distinctive menu fillips include a signature lobster bisque, a rotisserie chicken, and fancy hamburgers named after the Lewises' celebrity friends.

Stock goes public in 1969

Hamburger Hamlets began selling its stock publicly in 1969. In addition to its original Los Angeles market, the chain operates restaurants in the Washington, D.C., area as well as one in Chicago.

The Lewises' next project will be the fall opening of Hamburger Hamlets' planned Metro restaurant. The West Los Angeles outlet will complete the company's $8 million, three-year-long diversification here into high-ticket operations, including Hamlet Gardens, Downtown Grill, and Kate Mantilini.

Further expansion may come under the guidance of the Lewises. "We stay on for five years; nothing changes," Marilyn Lewis said.

In fiscal 1987 Hamburger Hamlets' sales of $44.8 million were up 15.2 percent from $38.9 million in the prior year. However, the company said the costs of its recent expansion whittled annual net profit in 1987 down to $508,700, from $1.7 million a year earlier. Marilyn Lewis has predicted that the chain's upscale diversification strategy will yield an earnings surge by the end of the decade.

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MARKETING

Revival of Mac Tonight campaign under consideration

Even though Mac Tonight hasn't been seen on television since last September, and even then for only a short time, he has not been forgotten.

Around the country he's been talked about and copied. His moonhead face was a favored Halloween costume from coast to coast, and a big national newspaper used him to sell papers. USA Today urged consumers to order a subscription "and make

it Mac Tonight," with a $5 McDonald's gift certificate booklet thrown in.

And the "Spokeshead of the Year Award" was recently bestowed on him by New York magazine, about the same time The New York Times gave a full-page to the character's making.

If there is any truth in the saying "If you can make it here [New York], you can make it anywhere," then this hip, piano-playing moonman with the dark shades should be someone his sponsor—McDonald's—would want to keep around for a while.

Yet the chain has made no decision on Mac Tonight's future. That's despite the fact that he was very much responsible for McDonald's having the highest top-of-mind awareness of all advertisers in September, according to a poll by SRI Research Center for Advertising Age.

But there is some hope McDonald's will not bury such a popular advertising vehicle, even though he is a marked departure from the usual Apple-Pie-and-Motherhood-type of figures the hamburger chain usually features in commercials.

According to the Los Angeles advertising agency that created Mac Tonight and the commercials he starred in, McDonald's corporate people in Oak Brook, Ill., are "closely evaluating" whether to extend his life on a national basis. They have, however, been doing that for at least three months now.

What could be making them so hesitant?

According to Roy Cowan, vice president and management supervisor of the McDonald's account for Davis, Johnson, Mogul & Colombatto Advertising Inc., the moonhead's creators, he must be fit into a "national theme" as well as somewhere in the chain's national advertising calendar, which is already quite crowded.

Although the Mac Tonight campaign was originally made for the McDonald's cooperative in Southern California, it clearly outgrew its provinciality when it went national for much of last September. "Mac Tonight has grown larger than a local character," Cowan said.

"Everyone is anticipating the character will come to life in 1988," he added. "But nothing is concrete now." Comments from McDonald's could not be elicited as of this writing.

* * *

Mail order steak: The steak served at Morton's of Chicago has been raved about by many a newspaper and magazine. Now anyone in the country can order six or eight steaks through the mail.

A mail order business, supported in advertising by table tents at each of the eight Morton's of Chicago steak houses around the country, is in full swing. The signature 24-ounce porterhouse has been reduced to 20 ounces; six can be had for $115. An even smaller size, 16 ounces, can be purchased for $98. Shipping is included.

Prime boneless New York sirloin, filet mignon, and milk-fed rib veal chops are also on Morton's mail order list.

The prime, dry-aged meat from Stockyard Packing in Chicago, supplier of all the restaurants, is shipped frozen via United Parcel or Federal Express. Morton's insists the mail order meat has the same specifications as the meat served in its restaurants.

"You cannot buy this quality steak in a store," said Arnie Morton, who is still a consultant to Morton's even though he sold the chain to a consortium of investors last fall. Klaus Fritsch, president of Morton's, said the mail order sideline is "a natural," although he ventured, "I don't figure it will be a big money maker."

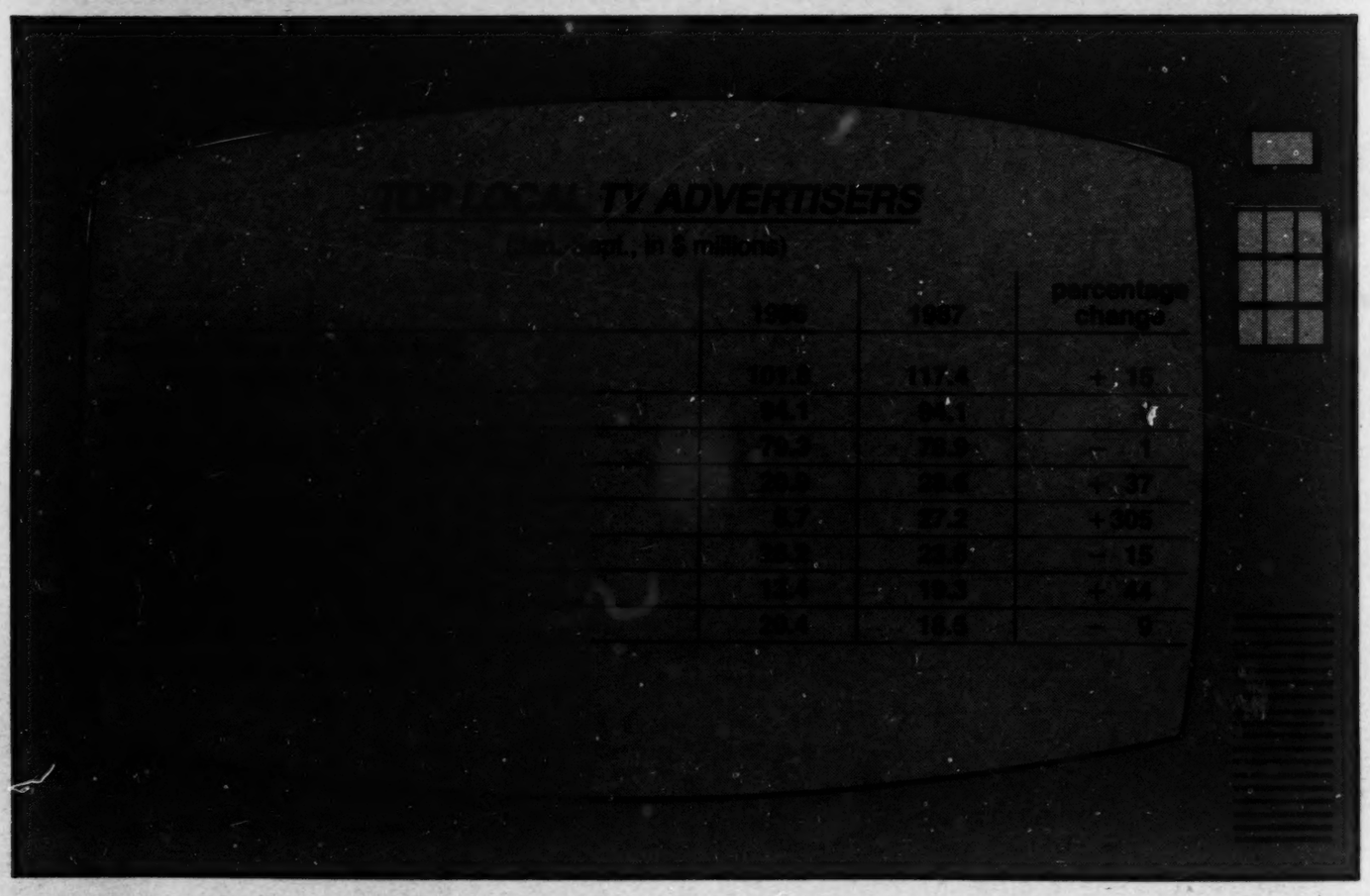
* * *

Steak surprise: There is good news for Morton's and others who have a lot of steak on their menus. Although American consumption of red meat at home has declined, its intake away from home has actually increased, according to The Lempert Report, a food-marketing newsletter.

Lempert researchers reported red-meat consumption away from home increased by 7.3 percent from 1981 through 1986, although consumption in the home declined during those years by 11.1 percent.

"Many health-conscious consumers, who limit their intake of red meats at home, still indulge themselves with filet mignon, rack of lamb, or roast beef when they are dining out," The Lempert Report analysts concluded.

AD WATCH



NEW YORK — Restaurants and drive-ins were the biggest spenders on local television advertising during the first nine months of 1987, according to the latest report from the Television Bureau of Advertising.

In addition, the restaurant and drive-in category, which spent $983 million on overall television advertising during the period, was the third-largest spender among various segments, following food and food products ($1.9 billion) and the automotive industry ($1.7 billion). It was a 10-percent increase from the figure for the same period in 1986.

But the largest dollar gains were posted in local television advertising, up 5.9 percent, to $4.8 billion.

Restaurants and drive-ins spent more on local television advertising than did any other product category, including automobile dealers, supermarkets, banks, and department stores. All told, some $601 million was expended during the first nine months of 1987, up 8 percent over the preceding year's same time period, the TvB reported.

In contrast, auto dealers, in second place, spent only $280 million on local television advertising during the same period of 1987.

Among the top 15 local television advertisers during the first nine months of the year were Pepsico (Pizza Hut, Taco Bell, and Kentucky Fried Chicken), which spent a total of $117 million; McDonald's with $94 million; Pillsbury (Burger King and Godfather's) at $78 million; and fourth-ranked Walt Disney, with $37 million.

While the restaurant category spent $601 million in local television advertising, it spent only $371 million on networks. That amount, however, was up 13 percent from the 1986 figure, the TvB said.

Of the top 15 network television advertisers, McDonald's was the leading restaurant contributor, having spent $152 million during the nine-month period. It was the sixth-biggest network spender, following Procter & Gamble, Philip Morris, Kellogg, Unilever, and General Motors.

The TvB based its findings on an analysis of Broadcast Advertisers Reports data.

NRN MARKETING DIGEST

Godfather's hires Fallon McElligott

OMAHA, Neb. — Pillsbury Co. has pulled more restaurant advertising business away from J. Walter Thompson, this time shifting Godfather's $6 million-plus account from JWT's office to Fallon McElligott in Minneapolis.

"There was no problem with the creative coming out of JWT. It was largely a matter of finances," said a Godfather's spokesman. The 600-unit pizza chain's "pizza emergency" commercials won a 1987 Nation's Restaurant News E.A.T. (Excellence in Advertising on Television) Award.

Last fall, in what is believed to be the biggest advertising agency switch ever, Pillsbury's Burger King reassigned its $200 million-a-year domestic account to N.W. Ayer.

BK seeks help from Superman

NEW YORK — Burger King and Superman are joining forces in celebration of the superhero's 50th birthday this February. The nationwide promotion, running through March, features four Super Powers meal packs. A 50th birthday coin, a Super Powers door shield, a Batman toothbrush holder, and an Aquaman floating toy are premiums in the promotion.

Maine McD's co-op switches agency

BOSTON — The 49-unit Maine McDonald's operator association has moved its $1.8 million account from Arnold & Co. to HBM/Creamer.

HBM/Creamer creates advertising for McDonald's franchisees, including 95 restaurants in the Pittsburgh area.

Lamb Council slates spring promo

BOULDER, Colo. — The American Lamb Council has announced its spring 1988 campaign—"Fresh American Lamb: Always a Change of Taste." Thirty-second spots, pitched to upscale women, will air on cable television this spring.

Arby's tests use of credit cards

ATLANTA — Arby's, the roast beef sandwich chain, is allowing customers to pay with Visa and MasterCard credit cards at 19 company-owned restaurants in the Cleveland area. The six-month test is the company's first foray into electronic payment systems. Similar devices are being tested by Wendy's, Roy Rogers, and Burger King, among others.

"We feel the cards will stimulate family business," said Mark Stine, an Arby's spokesman. "Just because Burger King didn't get positive results doesn't mean it won't work for us," he said.

FINANCIAL NEWS

Foreign countries outpacing U.S. in spending on restaurant meals

By Deane Evans

WASHINGTON — Although Americans are spending more of their disposable income in restaurants, they still rank well behind consumers in many other countries in regard to the share of total expenditures spent for eating out.

According to a recent study by U.S. Department of Agriculture economists, the percentage of disposable income spent in restaurants in 30 countries around the world ranges from 13.6 percent to a mere 1.3 percent.

The United States ranks about halfway down the list, with consumers in this country spending 6 percent on food away from home in 1984.

Researchers used 1984 figures to determine dining-out spending as a share of total expenditures for most of the countries. But in a few cases the most recent available figures were recorded for earlier periods.

WORLDWIDE EATING OUT TRENDS

(% of disposable income spent on food away from home)

Nation	Percentage
Cyprus	13.6
United Kingdom	12.0
Austria	11.0
Zimbabwe	9.5
Jamaica	8.5
Italy	8.4
France	7.1
Greece	6.3
Canada	6.1
United States	6.0
Puerto Rico	3.1
Sweden	3.0
Ireland	1.4
Sri Lanka	1.3
India	1.3

Source: U.S. Department of Agriculture

The study revealed that the world's big spenders percentage-wise in restaurants, cafes, and hotels were Cyprus, 13.6 percent; the United Kingdom, 12 percent; and Austria, 11 percent (all 1984 figures).

Healthy tourist and travel environments most likely account for the large share of spending away from home in these countries, USDA researchers said.

Healthy tourist and travel environments most likely account for the large share of spending away from home in the top three countries, U.S.D.A. researchers said.

Substantial expenditure shares for dining out in Jamaica (8.5 percent in 1982), Singapore (8.4 percent), Italy (8.4 percent), and France (7.1 percent) may also be influenced by travelers.

However, less likely tourist countries spent larger percentages in restaurants; for example, Colombia (9.8 percent, 1983) and Zimbabwe (9.5 percent, 1983).

Other countries that ranked above the U.S. in the percentage spent for food away from home included Finland (6.7 percent), Greece (6.3 percent), Thailand (6.2 percent), and Canada (6.1 percent).

The Netherlands trailed the U.S. in dining-out share, spending 5 percent in restaurants, followed by Denmark (4.9 percent), Belgium (4.5 percent), Norway (4.2 percent), and Ecuador (4.1 percent). Using older figures, the study found that Malaysians spent 4.1 percent (1978) and Kenyans spent 3.8 percent in 1980.

At the other end of the spectrum, diners in Sri Lanka and India spent the least for restaurant dining, a minimal 1.3 percent in each country in 1984. According to 1982 statistics, the Irish were also thrifty about eating out, putting only 1.4 percent of total expenditures in restaurant tills.

The bottom half-dozen countries, based on restaurant-spending shares, were Bolivia (1.6 percent, 1979), El Salvador (1.7 percent, 1978), Togo (1.9 percent, 1972), South Korea (2.9 percent), Sweden (3 percent), and Puerto Rico (3.1 percent).

In a related area, the study showed that U.S. spending for alcohol as a share of total income was low, 1.4 percent.

In contrast, the Irish spent 12.2 percent of expenditures on alcohol, the largest share among the countries surveyed, researchers reported.

Significant spending shares also went for alcohol in Hungary (12 percent), Poland (11.4 percent), and the Soviet Union (10 percent).

NRN FINANCIAL DIGEST

Church's to buy back shares

SAN ANTONIO, Texas — Church's Fried Chicken Inc. said its board had authorized the buyback of 5 million shares of stock — about 13 percent of the outstanding shares.

It was recently reported that the Bass family of Fort Worth had acquired 8.2 percent of Church's stock for "investment purposes." A Church's spokesman said the company was "glad to have the Basses back in as shareholders."

Church's said it was repurchasing shares, which have been selling for as low as $5 each recently, for employee benefit plans and general corporate purposes.

Shoney's says profit rises 35%

NASHVILLE, Tenn. — Shoney's Inc., aided by a reduction in its tax rate, reported a 35.3-percent jump in fourth-quarter net profit, to $11.6 million, on a 7.5-increase in revenue, to $168 million. The tax rate fell to 43.3 percent, from 55.2 percent the year before.

For the year ended Oct. 25 Shoney's net profit rose 17.9 percent, to $49 million, on a 10.3-percent gain in revenue, to $694 million.

White Castle names new controller

Blake

COLUMBUS, Ohio — White Castle System Inc. has named a former Wendy's financial executive, William A. Blake, as controller.

He had been international controller at Wendy's Inc. from July 1985 to November 1987. He holds bachelor's and master's degrees from the University of Toledo.

Wendy's also recently lost its chief financial officer, Joseph Madigan, who said he was resigning to pursue other business interests.

Holiday sells units to joint venture

MEMPHIS, Tenn. — Holiday Corp. said it had sold seven of its Embassy Suite hotels to a joint venture for about $160 million. The joint venture consists of affiliates of the corporation and General Electric Pension Trust.

The company said it expected to report a $5-million quarterly pretax gain from the sale of three of the properties—in Atlanta; La Jolla, Calif.; and Overland Park, Kan.

Holiday said that net proceeds from the sale of all seven hotels would be used to reduce debt.

Dunkin' Donuts posts $13M profit

RANDOLPH, Mass. — Dunkin' Donuts Inc. reported a 23.5-percent rise in net profit, to $3.3 million, for the fourth quarter, ended Oct. 31, on a 13.7-percent gain in revenue, to $29 million.

For the year, the company said net income rose 9.6 percent, to $13 million, on a 1-percent increase in revenue, to $105 million.

The company now operates three franchised Chili's units in addition to its doughnut shops, and it plans to open at least 50 more units in New England alone.

ADVERTISER INDEX

HOW TO USE THE NATION'S RESTAURANT NEWS F.I.R.S.T. SYSTEM

ALL YOU NEED TO GET STARTED IS THE MAILING LABEL ON THIS WEEK'S FRONT PAGE

1. Using a touch-tone telephone, call 1-800-322-1019. (Mass. residents call 1-413-2668.) A recorded operator will guide you through the call.
2. When the recording says "Enter F.I.R.S.T. ID number," push the numbers as they appear in the upper right hand corner of your mailing label and then push ##.
3. Next, you will hear "Enter magazine and issue code." Enter these numbers and symbols: 444#727##. (Note: This number changes with each weekly issue.)
4. After hearing "Enter inquiry number," enter the numbers appearing at the bottom on the ads and Product News items that you have chosen. Inquiry numbers range from 1 to 3 digits. Ignore blank boxes. You may make up to 17 requests. For additional inquiries, place another call.
5. To end F.I.R.S.T. call, enter **91##.

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